

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 INRE-00 NSCE-00 SSO-00 USIE-00 CIAE-00

DODE-00 INR-07 NSAE-00 PA-01 PRS-01 SP-02 AID-05

COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03 CIEP-01

LAB-04 SIL-01 OMB-01 H-01 L-02 /052 W  
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O R 182320Z FEB 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC IMMEDIATE 9374

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

OQRUESAL/AMEMBASSY SAN SALVADOR 2416

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SAN JOSE 0679

E.O. 11652: GDS

TAGS: PINT, CS

SUBJECT: CONSUMER BILL TENSIONS APPARENTLY RELIEVED

REF: SAN JOSE A-14

SAN JOSE 0663

1. BEGIN SUMMARY: THE CONTROVERSIAL BILL FOR THE PROTECTION OF CONSUMERS HAS NOW HAD ITS SECOND DEBATE AND IS EXPECTED TO BE GIVEN THIRD AND FINAL DEBATE ON FEBRUARY 18 WITHOUT MODIFICATION TO THE PROVISIONS THAT CAUSED THE BUSINESS COMMUNITY TO LAUNCH A SYMBOLIC 1-HOUR CLOSING OF STORES ON FEBRUARY 14. THE COSTA RICAN BUSINESSMEN WERE MOLLIFIED AS A RESULT OF AN INTENSIFIED PROCESS OF CONSULTATION BETWEEN PRESIDENT ODUBER AND TWO KEY BUSINESS LEADERS OVER THE WEEKEND. APPARENTLY PRESIDENT ODUBER, ALTHOUGH UNWILLING TO MODIFY THE LAW, GAVE THEM ASSURANCES THAT IT WOULD BE IMPLEMENTED IN A RESTRAINED MANNER. BOTH ODUBER AND THE REPRESENTATIVES OF THE BUSINESSMEN ADDRESSED THE NATION FEBRUARY 17 ON THE BILL. END SUMMARY.

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2. THE CONTROVERSIAL CONSUMER BILL (PROYECTO DE LEY DE CONSUMIDORES) PASSED UNCHANGED ITS SECOND DEBATE ON FEBRUARY 17 THE LEGISLATIVE ASSEMBLY VOTED ON THE BILL LATE IN THE EVENING AFTER A STORMY SESSION WHERE PRO-CONSUMER BILL CROWDS HECKLED OPPOSITION DEPUTIES FROM THE GALLERY. IN THE LATE AFTERNOON, SEVERAL EXTREME LEFTIST AND PLN SPEAKERS ADDRESSED A COUPLE OF THOUSAND OF MAINLY LABOR UNION MEMBERS WHO HAD GATHERED AT THE ASSEMBLY.

3. ON SUNDAY, FEBRUARY 16, PRESIDENT ODUBER MET WITH EDWIN MENDEZ, PRESIDENT OF THE CHAMBER OF COMMERCE, AND RICHARD BECK, PRESIDENT OF THE CHAMBER OF INDUSTRIES. ALTHOUGH LITTLE CONTENT OF THE NEARLY 2-HOUR MEETING APPEARED IN THE PRESS, IT APPEARED FROM BOTH ODUBER'S AND MENDEZ' BACK-TO-BACK, 30-MINUTE, NATIONAL TV HOOK-UP ADDRESSES THAT THE BUSINESSMEN HAD BEEN PERSUADED THAT THE GOCR WOULD EXERCISE RESTRAINT IN IMPLEMENTING THE LAW EVEN IF ODUBER WOULD NOT AMEND IT. THEREFORE, THE NATIONAL COMMISSION FOR THE DEFENSE OF FREE BUSINESS SUSPENDED ITS LOCK-OUTS THREATENED FOR THIS WEEK. APPARENTLY, ODUBER CONVINCED THE BUSINESSMEN THAT THE LAW'S IMPLEMENTING REGULATIONS WOULD TAKE INTO ACCOUNT THEIR COMPLAINTS. SPECIFICALLY, THE BUSINESSMEN HAVE OBJECTED MAINLY TO TWO ASPECTS OF THE PROPOSED LAW: (1) ITS BROAD SCOPE, WHICH INCLUDES AUTHORITY FOR SETTING OF PRICE AND PROFIT MARGINS BY THE GOVERNMENT IN ALL GOODS RATHER THAN JUST BASIC CONSUMER ITEMS; (2) ITS ENFORCEMENT PROVISIONS WHICH INCLUDE AUTOMATIC AND INDEFINITE JAIL SENTENCES TO BE IMPOSED ON VIOLATORS OF THE LAW, THE RIGHTS OF "COMMUNAL ORGANIZATIONS" TO JUDGE WHETHER OR NOT A COMMERCIAL ESTABLISHMENT IS APPLYING UNLAWFULLY HIGH PRICES, AND WHAT BUSINESSMEN CLAIM IS A PRESUMPTION OF GUILT WHICH WOULD REQUIRE THEM TO PROVE THEMSELVES INNOCENT.

4. PRESIDENT ODUBER, IN HIS TV REMARKS, DECLARED HIMSELF FULLY IN SUPPORT OF FREE ENTERPRISE, BUT SAID HE WOULD NOT PERMIT "SUBVERSION IN THE NAME OF PRIVATE ENTERPRISE." SPEAKING WITHOUT A TEXT, ODUBER IDENTIFIED COSTA RICA'S ECONOMIC PROGRESS WITH THAT OF PRIVATE ENTERPRISE AND CLAIMED THAT THE SUCCESS OF BUSINESS IN COSTA RICA OVER THE PAST

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25 YEARS IS LARGELY DUE TO PLN POLICIES. HE ALSO SAID THAT HIS ADMINISTRATION SUBSCRIBES TO A SOCIAL DEMOCRATIC PHILOSOPHY WHICH IS UNIQUELY COSTA RICAN AND WHICH PLACES GREAT EMPHASIS UPON DEMOCRACY AND CHRISTIANITY. HE SUGGESTED THAT THE BUSINESSMEN WERE BEING USED FOR POLITICAL MOTIVES.

5. COMMENT: THE CONSUMER BILL WILL MOST LIKELY SAIL THROUGH THIRD DEBATE TODAY AND PROBABLY WILL BE SIGNED INTO

LAW BY THE PRESIDENT BEFORE HE LEAVES FOR A 3-WEEK TRIP TO EUROPE ON FEBRUARY 21. THE BUSINESSMEN ARE STILL HOPPING MADE OVER THE BILL AND HAVE DECLARED THAT THE RESPONSIBILITY FOR WHAT HAPPENS NEXT RESTS WITH THE GOVERNMENT, BUT THEY HAVE THREATENED NO RETALIATION. THE CURRENT WAVE OF SUBVERSION RUMORS, APPARENTLY WITH LITTLE FOUNDATION BUT PERSISTENTLY MENTIONED BY HIGH LEVEL GOCR SPOKESMEN LIKE ODUBER, FACIO, AND CASTILLO, SEEMS TO HAVE BEEN AN IMPORTANT ARGUMENT IN CONVINCING THE BUSINESSMEN TO AVOID ACTS THAT MIGHT INDUCE VIOLENCE.

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